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INTERNATIONAL COPPER STUDY GROUP
Inaugural Meeting
Geneva, 22 June 1992
Agenda item 16

RECORD OF DECISIONS OF THE INAUGURAL MEETING OF THE INTERNATIONAL COPPER STUDY GROUP

Held at the Palais des Nations, Geneva,
from 22 to 26 June 1992

Introduction

1. The Secretary-General of UNCTAD, acting on behalf of the Secretary-General of the United Nations and at the request of the members of the International Copper Study Group, convened the inaugural meeting of the Group on 22 June 1992. The meeting took place at the Palais des Nations, Geneva.

Opening of the inaugural meeting (agenda item 1)

2. The inaugural meeting of the International Copper Study Group was opened by the Deputy to the Secretary-General of UNCTAD on 22 June 1992.

3. In his opening statement, the Deputy to the Secretary-General recalled that at the meeting on copper held at the Palais des Nations, Geneva, on 23 and 24 January 1992, the countries and the intergovernmental organization (the European Economic Community) that had notified their acceptance of the Terms of Reference had decided, in accordance with paragraph 22(d) thereof, to put them into force definitively among themselves in whole as of 23 January 1992 (TD/COPPER/18, annex I). After the entry into force of the Terms of Reference, Italy, which had notified its provisional acceptance of the Terms of Reference on 22 January 1992, had deposited its instrument of definitive acceptance on 15 May 1992. On 19 June 1992, Canada had notified its definitive acceptance of the Terms of Reference, thus becoming the eighteenth State to join the Group. The 18 member States of the Group accounted for 61.06 per cent of world copper trade. Zambia and Japan had already indicated their intention of joining the Group in the near future, the latter with the proviso that some changes be introduced

in the Terms of Reference. If those two countries became members of the Group, the membership would then jointly account for 77.86 per cent of copper trade.

4. The world copper industry was being affected by a number of important changes, including the adoption of new production technologies, the entry into operation of new mines and the reduction of output or closure of old ones, the changes in Eastern Europe, the modification of the regional distribution of world copper consumption and the challenge represented by the substitution of other material (metallic or not) for copper. All this highlighted the importance of producer-consumer co-operation with a view to having consultations and exchanges of information, regular assessments of the market situation and outlook, consideration of special problems or difficulties which existed or which might arise in the international copper economy, and promotion of copper consumption. Those were the main objectives to be accomplished by the International Copper Study Group.

Election of the presiding officer (agenda item 2)

5. At the Group's opening meeting, on 22 June 1992, Mr. H.K. Villarroel (Philippines) was elected presiding officer.

Adoption of the agenda and organization of the work (agenda item 3)

6. Also at the opening meeting, the Group adopted its provisional agenda (ICSG(I)/1), as follows:

1. Opening of the inaugural meeting
2. Election of the presiding officer
3. Adoption of the agenda and organization of work
4. Opening remarks by members and observers
5. Overall discussion of the market situation for copper
6. Work programme of the Group; activities and priorities
7. Establishment of the Standing Committee and other committees or other subsidiary bodies and assignment of tasks to them
8. Adoption of the rules of procedure
9. Proposed amendments to the terms of reference
10. Location of the headquarters of the Group
11. Arrangements for the appointment of the Secretary-General of the Group
12. Administrative and financial matters:
    - (a) Initial staffing
    - (b) Secretariat facilities
    - (c) Arrangements for the preparation of the headquarters agreement
    - (d) Adoption of an initial budget for 1992 and estimates for 1993, and assessment of contributions
13. Election of other officers

14. Arrangements for future meetings
15. Other business
16. Record of decisions of the meeting

NB: Agenda item 7 might be referred to an industry advisory panel.
Agenda items 8 to 12 and 14 might be referred to the Standing Committee for its consideration and preparation of draft decisions for adoption by the Group.

Attendance

7. The following States members of the International Copper Study Group were represented at the meeting: Belgium, Canada, Chile, China, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Peru, Philippines, Poland, Portugal, Spain, United States of America. The European Economic Community was also represented.

8. The following States were represented at the meeting as observers: Austria, India, Indonesia, Japan, Mexico, Panama, Russian Federation, Sweden, United Kingdom of Great Britain and Northern Ireland, Zambia.

9. The following specialized and related agencies were represented at the session: International Monetary Fund, World Bank, General Agreement on Tariffs and Trade.

10. The following non-governmental organizations were represented at the meeting:[1] International Wrought Copper Council, World Bureau of Metal Statistics.

11. With regard to attendance, the representative of the United States said that participation of non-members in meetings of the Group should be discussed on another occasion.

Opening remarks by members and observers; and overall discussion of the market situation for copper (agenda items 4 and 5)

12. The representative of the United States said that the United States copper industry had undergone deep changes since the mid-1980s. In 1991, copper consumption in his country had decreased by 2 per cent to 2,125,000 tonnes, the lowest level since 1984, because it had been affected by steep declines in the industrial construction and electrical markets. On the other hand, mine production had reached a record high, increasing by 3 per cent to 1,635,000 tonnes. Despite a smelter shortfall, primary refined

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[1] Participated by decision of the Inaugural Meeting at its first plenary meeting held on 22 June 1992.

production of copper had been maintained at about the 1990 level (at 1,583,000 tonnes) owing to a significant increase in electrowon production. Copper refined from scrap had decreased by 5.2 per cent to 418,000 tonnes. United States copper mine capacity had been 1,961,000 tonnes in 1991, while primary and secondary smelter and refinery capacities had reached 1,800,000 tonnes and 2,500,000 tonnes, respectively. The United States trade balance for refined copper had changed dramatically from 1986 to 1991, with net refined copper imports decreasing from 489,000 tonnes to 18,000 tonnes. In 1991, the United States' refined copper exports had increased by 28.4 per cent. In the future, most signs pointed to an improvement in copper consumption. The motor vehicle and electrical equipment markets had shown signs of recovery, and copper consumption was thus expected to rebound by 4 per cent in 1992. In the United States, mine production was forecast to remain unchanged in 1992, while refined production was projected to grow by 1 per cent to about 2,020,000 tonnes.

13. The representative of Chile stated that in 1991 copper prices had gone down by 12.3 per cent due to the world recession, and this, combined with the growth in refined production and the influx of copper from Eastern European countries, had led to an oversupply of 167,000 tonnes. However the prospects for 1992 were for higher prices because of the rebound in the world economy, combined with lower output in Peru, Zaire and Zambia, a smaller influx from Eastern European countries and an increase in purchases by China. This could possibly result in a copper supply deficit by late 1992 or early 1993. The smelter bottleneck should continue until 1995, but the biggest question regarding the copper market was the future role of Eastern European countries, which could become net consumers. This would have a positive impact on world demand for copper.

14. The representative of Canada said that copper shipments from Canadian mines had risen to 776,900 tonnes in 1991, while refined copper output had grown to 538,000 tonnes. National copper mine production was expected to fall in the medium term as new capacity was unable to match expected mine closures or the decline of capacity at existing operations. Encouraging exploration results in recent years pointed to a recovery of output by the end of the decade. Issues facing the Canadian copper industry included the environment, competitiveness and investment requirements. Referring to the Group's activities, he stated that it should focus its statistical work in areas where data were currently inadequate, in order to avoid duplication of work with existing organizations.

15. The representative of Poland recalled that his country was the only major producer of copper in Europe basing its production on its own copper ores and concentrates, with an annual output of 370,000-390,000 tonnes, which should continue in the medium term. About 220,000 tonnes of copper were exported yearly in the form of high-quality cathodes, wirebars and wirerods. The Polish copper transformation industry was operating below capacity due to the economic recession and the transformation of the Polish economy into an open market economy.

16. The representative of China said that the Chinese copper industry was undergoing

rapid expansion, a process that would go on in 1992, with a new mine entering into production and the national industry becoming more open.

17. The representative of Portugal expressed his agreement with the statement made by the representative of Chile concerning the equilibrium of the market for copper concentrates in 1992, although a more detailed analysis could raise doubts regarding the future evolution of the market, the basic problem being the lack of information on the markets of Eastern Europe and China. He concluded by recalling that his country was a newcomer to the copper market, since the Neves-Corvo mine had started operating in 1989. This mine had an annual production capacity of 650,000 tonnes of concentrates.

18. The representative of the European Economic Community stated that the Community was a very large copper-consuming region and a significant copper importer, since its primary producing capacity was not sufficient to cover demand and capacity had not been expanding in recent years. However, the Community had the largest fabricating capacity in the world, and 80 per cent of the production of this sector was destined mainly for internal consumption, with the balance being exported.

19. The representative of Japan reaffirmed his country's intention of joining the Group once the Terms of Reference had been amended. Demand for refined copper in his country had grown by 26 per cent from fiscal year 1986 to fiscal year 1991, and this had led to a very high rate of utilization of producing facilities (94.3 per cent) and to higher imports. However, the consumption of refined copper should decrease slightly in fiscal year 1992 because of the slowdown in economic activity.

20. The representative of Indonesia stated that her country had taken the decision to join the Group and was completing formal procedures to present the instrument of acceptation to the depositary of the Terms of Reference.

21. The representative of Zambia reaffirmed his Government's intention to join the Group as soon as internal procedures had been completed.

22. The representative of the Russian Federation said that his country was a member of several other study groups and was considering participating in the International Copper Study Group and providing statistics on copper foreign trade, production and consumption. The national industry of his country was also interested in technology, environment and investment.

23. The representative of Sweden pointed out that, while his country had not yet taken a decision on the question of membership, the Swedish copper industry had declared its interest and was represented at the meeting.

Work programme of the Group; activities and priorities (agenda item 6)

24. At its 2nd meeting, on 22 June 1992, the Group established an Industry Advisory Panel, composed of industry representatives and open to government representatives, and requested the Panel to discuss agenda item 6.

25. The Panel met on 23 June 1992 and was chaired by Mr. Arthur Miele, President, Phelps Dodge Sales Co., United States.

26. At the 4th plenary meeting of the Group, the Chairman of the Panel presented his report on the discussions of the Panel. Several members of the Group expressed their appreciation for the effective work of the Panel and gave their support to the recommendation that it should continue to meet in the future as a standing body of the International Copper Study Group. The Group accepted the report of the Panel, which is annexed to this report (see annexes II and III).

Establishment of the Standing Committee and other committees or other subsidiary bodies and assignment of tasks to them (agenda item 7)

27. At its 2nd meeting, on 22 June 1992, the Group established the Standing Committee and elected Mr. H.K. Villarroel (Philippines) as its Chairman for the inaugural meeting.

28. At its 4th (closing) plenary meeting, on 26 June 1992, the Group established the following Committees and subsidiary bodies in accordance with paragraph 10 of the Terms of Reference:

The Finance Committee of the Standing Committee;
The Statistical Committee;
The Economic Committee;
The Industry Advisory Panel.

Adoption of the rules of procedure (agenda item 8)

29. At its 4th (closing) plenary meeting, on 26 June 1992, the Group adopted its rules of procedure as contained in ICSG(I)/6, with the understanding that, with regard to rule 2, no translation of documents into Chinese would be made until further notice, and, with regard to rule 3, that written communications to the Group would be made preferably in English.

Proposed amendments to the Terms of Reference (agenda item 9)

30. At its 4th (closing) plenary meeting, on 26 June 1992, the Group adopted decision 1(I) amending the Terms of Reference, (see annex I), with the understanding that the words "national legislation" in paragraph 14(c) meant the existing national laws and regulations.

Location of the headquarters of the Group (agenda item 10)

31. At the 6th meeting of the Standing Committee, on 25 June 1992, the representative of Portugal presented the European Economic Community's candidature of Lisbon for the headquarters of the Group. He reaffirmed the terms of the proposal contained in ICSG(I)/3/Add.1, adding that his Government was also offering five years of free rent to the Group if Lisbon was chosen to host its headquarters.

32. The representative of Chile presented the candidature of Santiago to host the headquarters of the Group, as contained in ICSG(I)/3.

33. The representative of Canada presented the candidature of Montreal to host the headquarters of the Group, as contained in ICSG(I)/3/Add.2.

34. At its 4th (closing) plenary meeting, on 26 June 1992, the Group agreed to postpone the decision on the location of the headquarters to its following session.

Arrangements for the appointment of the Secretary-General of the Group (agenda item 11)

35. At the 6th meeting of the Standing Committee, on 25 June 1992, the representative of the United States presented the candidature of Mr. G.J. Coakley for the post of Secretary-General of the Group.

36. The representative of Germany presented the candidature of Mr. G. Behrendt for the post of Secretary-General of the Group.

37. At the 7th meeting of the Standing Committee, on 26 June 1992, the representative of France presented the candidature of Mr. F. Walter for the post of Secretary-General of the Group.

38. At its 4th (closing) plenary meeting, on 26 June 1992, the Group agreed to postpone the decision on the appointment of the Secretary-General to its following session.

Administrative and financial matters (agenda item 12)

39. At its 6th meeting, on 25 June 1992, the Standing Committee discussed item 12(d) of the agenda, "Adoption of an initial budget for 1992 and estimates for 1993, and assessment of contributions". It recommended for the approval of the Group the indicative budget for 1992 and 1993 contained in an informal paper distributed at the Standing Committee meeting. It also recommended for the approval of the Group the assessment of contribution by members to the indicative budget for 1992 contained in a modified version of an informal paper distributed at the Standing Committee meeting.

40. At its 4th (closing) plenary meeting, on 26 June 1992, the Group agreed to postpone until its following session the decision on agenda item 12(d), as well as the decision on agenda items 12(a), 12(b) and 12(c).

Election of other officers (agenda item 13)

41. At its 4th (closing) plenary meeting, on 26 June 1992, the Group elected Mr. H.K. Villarroel as Chairman of the Standing Committee.

42. At the same meeting, the Group decided to postpone the election of other officers to its following session.

Arrangements for future meetings (agenda item 14)

43. The representative of Chile made an offer to host the following session of the Group in Santiago, Chile, in November 1992 free of charge to the Group, subject to confirmation by his Government.

44. The Group decided to accept the offer and to hold its following meeting in Santiago.

Record of decisions of the meeting (agenda item 16)

45. At its 4th (closing) plenary meeting, on 26 June 1992, the Group accepted the "Draft record of the inaugural meeting of the International Copper Study Group" (ICSG(I)/CRP.3) and entrusted the Chairman of the Standing Committee with the task of finishing the report with the assistance of the UNCTAD secretariat. The Group requested the Secretary-General of UNCTAD to circulate the final report with the proceedings of its final plenary to all members of the Group and observers.

Annex I

DECISION 1 (I)

The members of the International Copper Study Group,

Meeting at the Group's inaugural session held from 22 to 26 June 1992 in Geneva,

Considering it desirable to amend certain provisions of the Terms of Reference of the International Copper Study Group which were adopted on 24 February 1989 and entered into force definitively on 23 January 1992,

Acting pursuant to paragraph 21 of the Terms of Reference,

Represented by delegations duly authorized for this purpose,

1. Decide by consensus to amend paragraph 13 and paragraph 14 of the Terms of Reference as follows:

Paragraph 13 is deleted and replaced by the following provision:

"13. The Group may apply to be designated as an International Commodity Body (ICB) under article 7(9) of the Agreement establishing the Common Fund for Commodities, for the purpose of sponsoring, in accordance with the provisions of these terms of reference, projects on copper to be financed by the Fund through its Second Account. Decisions on the sponsoring of such projects shall normally be taken by consensus. If consensus cannot be reached, decisions shall be taken by a two-thirds majority vote. The Group shall not incur any financial obligations in respect of such project; nor shall it act as executing agency for any such project. No member shall be responsible by reason of its membership in the Group for any liability arising from borrowing or lending by any other member or entity in connection with projects."

Paragraph 14 is deleted and replaced by the following provisions:

"14. (a) The Group shall have international legal personality.

(b) The status of the Group in the territory of the host country shall be governed by a Headquarters Agreement between the host Government and the Group.

(c) In the territory of each member, and subject to its national legislation, the Group shall have the requisite legal capacity to perform its functions and in particular, subject to paragraph 6(b) above, the capacity to enter into contracts, to acquire and to dispose of movable property, and to institute legal proceedings."

2. Decide also that these amendments shall enter into force on 15 August 1992 unless, before that date, a member notifies the depositary in writing of its objection to their entering into force;

3. Decide further that any State or any intergovernmental organization that accepts the Terms of Reference after the entry into force of the amendments shall be deemed to have accepted the Terms of Reference as amended;

4. Request the depositary to circulate the amendments to the States and the international organizations concerned;

5. Request also the depositary to establish and to circulate certified true copies of the Terms of Reference of the International Copper Study Group as amended to the States and the international organizations concerned.

26 June 1992

The members of the International Copper Study Group are: Belgium, Canada, Chile, China, European Economic Community, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Peru, Philippines, Poland, Portugal, Spain and United States of America.

Annex II

REPORT OF THE CHAIRMAN OF THE INDUSTRY ADVISORY PANEL

1. The Industry Advisory Panel of the International Copper Study Group met on 23 June 1992 to discuss item 6 of the agenda of the inaugural meeting of the Group, "Work programme of the Group, activities and priorities". The meeting of the Panel was chaired by Mr. Arthur Miele, President, Phelps Dodge Sales Co., United States.

2. A consensus was reached on the following points of the work programme of the Group:

1. Improvement of statistical coverage

(a) It is of utmost importance to have very good world statistical coverage;
(b) The Group should build its statistical work on the basis of reliable statistics that are collected by other institutions and already available;
(c) Focus should be placed on those areas in which improvements are required, mainly:

- Definitions: need for standardized definitions;
- Information from countries which presently are not reporting data or are doing so on an insufficient basis;
- Trade data;
- End use statistics;
- Scrap;
- Stock data;
- Reserves and resources;
- Copper traded in the form of finished products.

(d) The work of the Study Group should also include market balance forecasts and keep under review the evolution of capacities;
(e) Transparency should be a basic characteristic of the statistical work in terms of access to data sources and usage of statistics collected by the Group;
(f) The Group should aim at preparing certain basic statistics on a monthly basis. It could, however, start on a quarterly basis and work progressively towards that goal.

2. Special studies

Some suggestions were made to undertake studies in the following areas:
(a) Recycling of scrap;
(b) Environmental issues;

(c) Competing materials;
(d) Technological issues;
(e) Restrictions to free trade.

3. A decision on which special studies the Group should undertake should be made at a later date, when questions related to staffing, resources and the priority areas on which those studies are to focus have been decided. Also in this field it is important that the Group builds on the work being undertaken by other institutions. The Industry Advisory Panel will in the future make recommendations regarding those priorities.

4. Regarding copper promotion, the Panel felt that, while attaching high importance to activities in this area, the Group should not engage directly in such activities but support the work undertaken by existing organizations, in particular by the International Copper Association and Copper Development Centres.

3. Role of the Industry Advisory Panel in the future

5. The Industry Advisory Panel should continue to meet in the future as a standing body of the International Copper Study Group.

Annex III

LIST OF PARTICIPANTS OF THE INDUSTRY ADVISORY PANEL
FROM THE ENTERPRISE SECTOR[a/]

CANADA

Mr. John R. HAMPTON, Managing Director, Noranda Sales Corporation, London

CHILE

Sr. Valentin DANIELS, Director General de CODELCO, Francia
Sr. Jürgen LEIBBRANDT, Director de Desarrollo Comercial de CODELCO

CHINA

Mr. ZHOU Feng, Economist, China National Nonferrous Metals Import and Export Corp.
Mr. YANG Suohong, Economist, China Nonferrous Metals Import and Export Corp.

FRANCE

M. Gérard JOURDAN, Fédération des métaux et minerais

GERMANY

Mr. Rodolf GABRISCH, Wirtschaftsvereinigung Metalle, e.V.
Mr. Heinz-Werner HEMPEL, Verein Deutscher Metallhändler e.V.
Mr. Hans-Peter MUENSTER, Verein Deutscher Metallhändler e.V.
Mr. Von FRANQUE, Deutsches Kupferinstitut

ITALY

M. Vittorio ROFFENI, Directeur de ASSOMET

JAPAN

Mr. Makoto SUDA, Assistant Manager, Planning and Administration Department, Sumitomo Electric Industries Ltd., London
Mr. Ken-ichi OKANDA, President, Nippon Mining Ltd., United Kingdom
Mr. Katsuhiko MASUDA, General Manager, Mitsubishi Materials Corporation, London Office
Mr. Hajime MYOI, Director, Japan Metal Centre (JETRO)

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a/ The meeting of the Panel was also attended by government representatives.

POLAND

Mr. Zbigniew SMIESZEK, Director, KGHM Polska-Miedz (Poland's Copper Corporation)
Mr. Jan PEISERT, Director of Division, Impexmetal, Foreign Trade Enterprise, Warsaw

PORTUGAL

Mr. Augusto Jose Pereira LUIS, Finance Director, Somincor

SWEDEN

Mr. Mati SALLERT, Director, Boliden

UNITED STATES OF AMERICA

Mr. Stuart LYMAN, Senior Vice President, Copper Development Association
Mr. Arthur MIELE, President, Phelps Dodge Sales Co.
Mr. Robert PAYNE, President, Copper Development Association

International Wrought Copper Council (IWCC)

Mr. Simon PAYTON, Secretary General (IWCC)

World Bureau of Metal Statistics (WBMS)

Mr. James Lloyd Thomas DAVIES, General Manager

Annex IV

CHECKLIST OF DOCUMENTS

Symbol	Title	Agenda item
TD/B/C.1/PM/COPPER/4	Elaboration of the objectives, functions, nature, terms of reference and rules of procedure for a future intergovernmental producer-consumer forum for copper	6
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Budget distribution according to present membership of the ICSG	12(d)
Budget distribution supposing joining of Indonesia, Japan and Zambia	12(d)
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Assessment of contributions by members to the indicative budget for 1992	12(d)
Curriculum Vitae of Mr. G.J. Coakley, United States candidate for the post of Secretary-General	11
Curriculum Vitae of Mr. F. Walter, French candidate for the post of Secretary-General	11